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July 22, 2008

The Honourable Leona Dombrowsky
Ontario Ministry of Agriculture, Food and Rural Affairs
Public Archives Building
77 Grenville St., 11th Floor
Toronto, Ontario
M5S 1B3

Dear Madam:

I am pleased to submit the Fifty-Third annual report of the Ontario Food Terminal Board for the Fiscal year ending March 31, 2007.

The members of the Board for the 2006/07 fiscal year were: Albert Streef – Chair with a term of May 4, 2005 to May 3, 2008, Victor Debono – Vice-Chair with a term of January 3, 2003 to April 30, 2009; Ron Longo with a term of April 7, 2004 to March 6, 2010, Cameron Rundle with a term of February 15, 2005 to February 15, 2011, Mark Pearlman with a term of November 15, 2006 to November 18, 2008 and Ray Kelly with a term of June 6, 2007 to June 5, 2010. There was one vacant position.

The Board had a Net Income of $1,588,880 compared with a Net Income of $1,102,708 in fiscal 2006. The main reasons for the gain between years was because of savings in salaries, interest, realty taxes, depreciation, operating supplies, electric power, office expenses and insurance. Lower interest rates, savings in electric power due to lower rate and an Ontario Power Generation rebate and a reduction in realty taxes were helpful in the savings realized during the year. Also, the Board's Cold Storage Facility realized a higher surplus than in previous years and the continuous efforts of the Board to maintain reasonable cost levels. The Board has had a successful year and has met or exceeded its financial and operational performance targets and objectives as compared to budget.

Capital Expenditures for the year totaled $1,861,050 including capital projects in progress. The following major items were purchased and completed: the replacement of

all access gates and access control software at a cost $44,538 and cold storage refrigeration plant equipment at a cost of $18,876. Capital projects in progress at the year end include the expansion of the loading dock at a cost to date of $1,651,033, the replacement of the cold storage plant evaporator at a cost to date of $16,100, parking deck refurbishment at a cost to date of $126,861, and the replacement of the train bay roofs at a cost to date $3,642.

The volume of fruit and produce distributed through the Terminal was approximately 960,000 tons, which was a decrease of 2.9% over the 2006 Fiscal Year. The share of Ontario grown produce sold at the Terminal accounts for approximately 30% to 35% of the total. The Board is continually promoting the entire facility, including the farmers' market through its website, trade shows and tours. As a result, the Board has met its target of getting more buyers to make purchases in the farmers' market.

The Terminal continues to be the main source of fruit and produce for the independent grocery trade in Ontario. The Terminal is a competitive wholesale market, which allows Buyers to purchase high quality produce from 20 warehouse and 400 Ontario Farmer Tenants. There are approximately four hundred different varieties of produce sold at the Terminal. One hundred and fifty of these are locally grown.

I would like to thank both my fellow Directors, the Food Terminal Tenants, the Food Terminal employees, the suppliers of goods and services to the Terminal and the many Buyers for helping make the year a success.

Yours sincerely,
Ontario Food Terminal Board

Victor Debono
Vice-Chair

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

27-02-2008
RXC22393

February 26, 2008

The Honourable Leona Dombrowsky
Minister of Agriculture, Food and Rural Affairs
77 Grenville Street, 11th Floor
Toronto, Ontario
M5S 1B3

Dear Ms. Dombrowsky:

In accordance with section 10 of the *Ontario Food Terminal Act*, an audit of the accounts of the Ontario Food Terminal Board has been completed by our agent auditors under my direction for the year ended March 31, 2007. A copy of the audited financial statements is enclosed.

You will be pleased to note that I have given an unqualified audit opinion on the enclosed financial statements. The audit procedures and tests to determine my opinion are not designed to identify all weaknesses in internal controls, provide assurances on systems and procedures as such, nor detect all instances of non-compliance. The audit is designed to provide an opinion on the fairness of the financial statements and therefore does not deal directly with value-for-money issues.

Copies of the audited financial statements have been forwarded to the Chair of the Ontario Food Terminal Board for distribution to the directors and senior officials of the Board. A copy has also been forwarded to your Deputy Minister, to the Minister of Finance, and the Secretary of Treasury Board.

Sincerely,

Jim McCarter
Auditor General

/cw
Encl.

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Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Ontario Food Terminal Board

Financial Statements
For the Year Ended March 31, 2007

Ontario Food Terminal Board
Financial Statements
For the year ended March 31, 2007

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Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

Auditor's Report

To the Ontario Food Terminal Board,
to the Minister of Agriculture, Food and Rural Affairs
and to the Minister of Finance

I have audited the statement of financial position of the Ontario Food Terminal Board as at March 31, 2007 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Jim McCarter, CA
Auditor General
Licensed Public Accountant

Toronto, Ontario
May 29, 2007

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Ontario Food Terminal Board
Statement of Financial Position

March 31	2007	2006
Assets		
Current		
Cash	$ 566,576	$ 148,898
Investment in short-term deposit (Note 1)	1,700,000	-
Accounts receivable	227,853	211,800
Prepaid expenses	109,240	133,196
	2,603,669	493,894
Capital assets (Notes 2 and 7)	14,071,755	13,012,075
	$ 16,675,424	$ 13,505,969
Liabilities and Net Assets		
Current		
Demand loans (Note 3)	$ 2,216,769	$ 532,140
Accounts payable and accrued liabilities	449,637	586,494
Deferred revenue	896,784	808,841
Current portion of obligations under capital lease (Note 4)	49,282	55,140
	3,612,472	1,982,615
Obligations under capital lease (Note 4)	16,800	66,082
	3,629,272	2,048,697
Net assets		
Net assets invested in capital assets	11,788,904	12,358,713
Unrestricted net assets (deficiency)	1,257,248	(901,441)
	13,046,152	11,457,272
	$ 16,675,424	$ 13,505,969

Contingencies (Note 6)
Commitments (Note 7)

On behalf of the Board:

Director

Secretary Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Ontario Food Terminal Board
Statement of Changes in Net Assets

For the year ended March 31

	Invested in Capital Assets	Unrestricted (Deficiency)	**Total 2007**	Total 2006
Net assets (deficiency), beginning of year	**$ 12,358,713**	**$ (901,441)**	**$ 11,457,272**	$ 10,354,564
Excess (deficiency) of revenue over expenses	**(801,370)**	**2,390,250**	**1,588,880**	1,102,708
Investment in capital assets	**1,861,050**	**(1,861,050)**	-	-
Demand loans advanced during the year invested in capital assets	**(1,723,330)**	**1,723,330**	-	-
Repayment of demand loans invested in capital assets	**38,701**	**(38,701)**	-	-
Repayment of capital lease obligations	**55,140**	**(55,140)**	-	-
Net assets, end of year	**$ 11,788,904**	**$ 1,257,248**	**$ 13,046,152**	$ 11,457,272

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Ontario Food Terminal Board
Statement of Operations

For the year ended March 31	2007	2006
Revenue		
Rents	$ 7,293,325	$ 6,848,613
Cold storage	1,475,765	1,542,180
Toll fees	571,315	705,883
Buyers access tolls	361,375	368,294
Other income	62,373	45,195
	9,764,153	9,510,165
Expenses		
Salaries and benefits (Note 5)	2,358,160	2,338,695
Electric power	1,268,935	1,559,544
Realty and business taxes	1,149,876	1,133,423
Amortization	801,370	802,956
Waste removal	772,121	844,579
Repairs and maintenance	422,089	403,436
Insurance	353,055	372,020
Fuel	229,450	239,957
Operating supplies and expense	154,809	150,789
Legal services	144,493	160,565
Interest	117,053	52,048
Office expenses	92,191	98,949
Miscellaneous expenses	91,384	33,647
Miscellaneous contract services	72,028	75,895
Rent expense - hydro land	69,950	69,950
Water	55,743	48,950
Board members' fees and expenses	22,566	22,054
	8,175,273	8,407,457
Excess of revenue over expenses	$ 1,588,880	$ 1,102,708

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Ontario Food Terminal Board
Statement of Cash Flows

For the year ended March 31	2007	2006
Cash provided by (used in):		
Operating activities		
Excess of revenue over expenses	$ 1,588,880	$ 1,102,708
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization	801,370	802,956
Changes in non-cash working capital balances		
Accounts receivable	(16,053)	179,224
Prepaid expenses	23,956	(12,980)
Accounts payable and accrued liabilities	(136,857)	(334,038)
Deferred revenue	87,943	21,170
	2,349,239	1,759,040
Investing activities		
Purchase of capital assets	(1,861,050)	(1,569,180)
Investment in short-term deposit	(1,700,000)	-
	(3,561,050)	(1,569,180)
Financing activities		
Proceeds from demand loan	1,723,330	-
Repayment of demand loans	(38,701)	(867,629)
Repayment of capital lease obligations	(55,140)	(52,000)
	1,629,489	(919,629)
Net change in cash	417,678	(729,769)
Cash, beginning of year	148,898	878,667
Cash, end of year	$ 566,576	$ 148,898
Supplemental Cash Flows Information		
Cash paid for interest	$ 117,053	$ 52,048

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Ontario Food Terminal Board
Summary of Significant Accounting Policies

March 31, 2007

Nature of Operations

The Ontario Food Terminal Board ("Board"), a government enterprise of the Province of Ontario, was incorporated without share capital pursuant to the Ontario Food Terminal Act, R.S.O. 1990, c O.15 and Ontario Regulations 871 and 872 made under the Act. The objects of the Board include the operation of a wholesale fruit and produce market and the acquisition and operation of facilities for the transportation and handling of fruit and produce. To meet these objects, the Board leases land and buildings to wholesalers and growers. The Board is a not-for-profit Crown Agency and is exempt from income taxes.

Capital Assets

Capital assets are recorded at cost. Amortization of capital assets is provided on a straight line basis over their estimated useful lives as follows:

Land improvements	10 to 30 years
Buildings	10 to 40 years
Equipment and equipment under capital leases	5 to 20 years
Parking deck and retaining wall	4 to 40 years

Amortization of construction in progress will commence when the construction is substantially complete and put into use.

Revenue Recognition

The Board recognizes revenue when services are provided and collectibility is reasonably assured.

Deferred revenue results from the prepayment of stall rentals, parking rentals, buyers toll fees and office rentals.

Financial Instruments

It is management's opinion that the Board is not exposed to significant interest, currency and credit risks arising from its financial instruments and the carrying amount of the Board's financial instruments approximate their fair values. All cash is held at one Schedule I Bank.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

March 31, 2007

1. Investment in Short-Term Deposit

	2007	2006
Bank of Montreal - 4.00% GIC due October 30, 2007	$ 1,700,000	$ -

The market value of the temporary investment approximates its carrying value.

2. Capital Assets

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Land	$ 275,604	$ -	$ 275,604	$ 275,604
Land improvements	1,869,892	1,498,290	371,602	429,615
Buildings	17,641,631	9,075,621	8,566,010	8,948,554
Equipment	2,139,276	1,932,856	206,420	236,786
Equipment under capital leases	257,599	196,454	61,145	122,667
Parking deck and retaining wall	3,957,235	2,188,678	1,768,557	1,974,067
Construction in progress	2,822,417	-	2,822,417	1,024,782
	$ 28,963,654	$ 14,891,899	$ 14,071,755	$ 13,012,075

3. Demand Loans

Demand loans comprise the following:

	2007	2006
Demand loan, non-revolving to a maximum of $4,300,000 bearing interest at prime plus ¼%. This loan is used to finance the renovations of the loading docks.	$ 1,723,330	$ -
Demand loan, non-revolving, to a maximum of $708,075 bearing interest, at prime plus ¼%, minimum monthly payments of $3,225 principal plus interest.	493,439	532,140
	$ 2,216,769	$ 532,140

In addition, the Board has a line of credit, revolving facility, to a maximum availability of $1,000,000 which bears interest at the bank's prime rate. As at March 31, 2007, the Board had no borrowings outstanding under this line of credit (2006 - nil).

All of the above loan facilities are supported by a Letter of Undertaking not to sell, further mortgage or otherwise encumber property located at 165 The Queensway.

4. Obligations Under Capital Lease

	2007	2006
Obligation under capital lease - interest at 5.53% per annum, due December 2007, repayable in monthly installments of $3,049 principal and interest	$ 26,820	$ 60,896
Obligation under capital lease - interest at 6.44% per annum, due November 2008, repayable in monthly installments of $2,028 principal and interest, plus a bargain purchase option amount of $1,000 payable in November 2008	39,262	60,326
	66,082	121,222
Less current portion	(49,282)	(55,140)
	$ 16,800	$ 66,082

Obligations under capital lease are secured by certain loading equipment and tractors.

The future minimum lease payments for the next two years are as follows:

Fiscal Year	Amount
2008	$ 51,777
2009	17,224
	69,001
Less: Imputed interest	(2,919)
	$ 66,082

5. Self-directed RRSP

The Board offers its full-time employees a self-directed RRSP contribution plan whereby employees make a minimum contribution of 5% of their pay. The Board matches the contribution up to 6% for employees with over 15 years of service, and 5% for all other eligible employees. The expense for the year under this plan was $78,579 (2006 - $79,512) and is included in salaries and benefits.

6. Contingencies

Various actions have been brought against the Board for matters that arose in the ordinary course of business. Should any costs result from the resolution of these claims and charges, these costs will be charged to operations in the year of resolution.

7. Commitments

The Board leases vehicle parking space under an operating lease. The future annual minimum lease payments are as follows:

Year	Amount
2008	$ 62,052
2009	62,052
2010	62,052
2011	62,052
2012	62,052
Thereafter	108,591
	$ 418,851

The Board entered into a contractual agreement on October 13, 2005 to renovate its loading docks and sprinkler system at a cost of $3.8 million. Costs incurred to March 31, 2007 were $2,822,417 and are included in capital assets as "Construction in progress".